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# Minneapolis Park & Recreation Board Budget Retreat May 10, 2017

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# Budget History



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# General Fund Revenues

- Property Tax
- Local Government Aid (LGA)
- Other Revenue

# Property Tax

- The Park Board property tax levy has increased an average of 4.1 percent annually for the past ten years, including the Tree Preservation and Reforestation Levy, which was reinstated in 2014, and the 20-Year Neighborhood Park Plan which began in 2017.

**Park Board Property Tax Levy (in millions)**

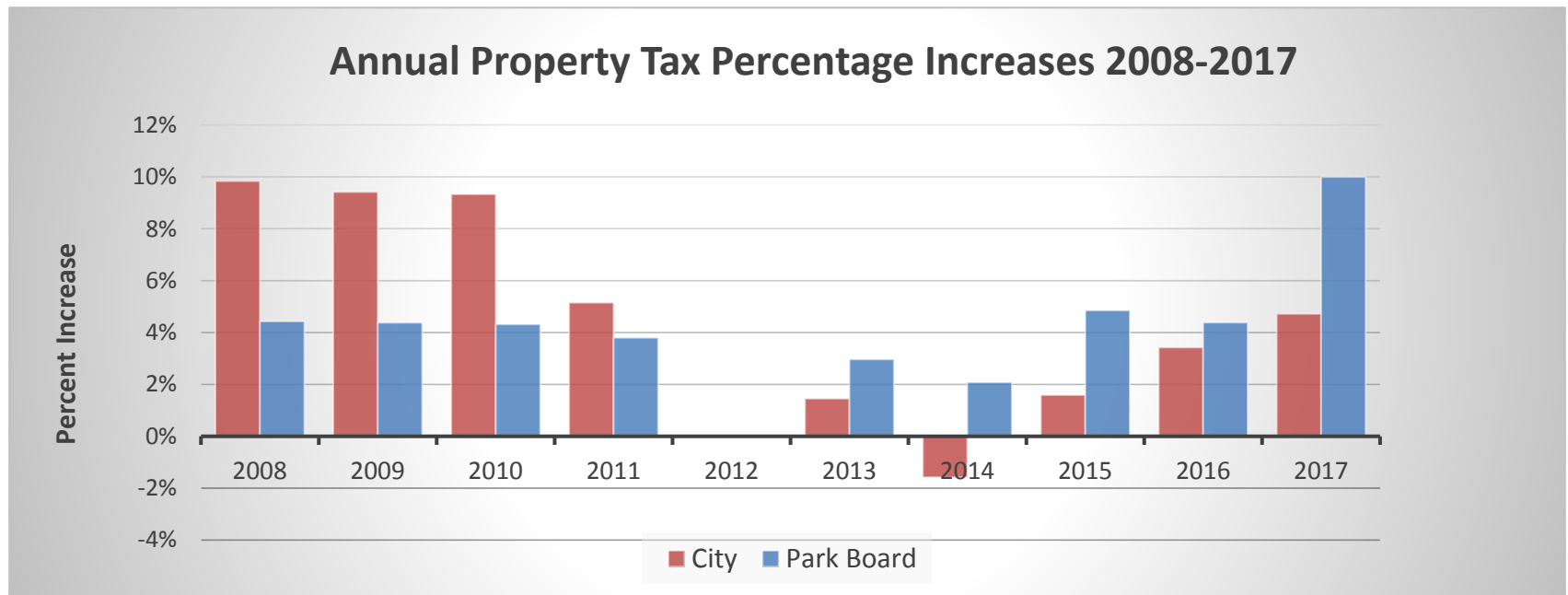
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund	\$41.8	\$43.6	\$45.5	\$47.2	\$47.2	\$48.6	\$48.6	\$50.6	\$52.6	\$55.0
Increase	4.4%	4.4%	4.3%	3.8%	0.0%	3.0%	0.0%	4.0%	4.0%	4.6%
NPP20										\$3.0
Tree Levy							\$1.0	\$1.5	\$1.7	\$1.7
Increase								45.9%	17.4%	0.0%
<b>Total</b>	<b>\$41.8</b>	<b>\$43.6</b>	<b>\$45.5</b>	<b>\$47.2</b>	<b>\$47.2</b>	<b>\$48.6</b>	<b>\$49.6</b>	<b>\$52.0</b>	<b>\$54.3</b>	<b>\$59.7</b>
<b>Increase</b>	<b>4.4%</b>	<b>4.4%</b>	<b>4.3%</b>	<b>3.8%</b>	<b>0.0%</b>	<b>3.0%</b>	<b>2.1%</b>	<b>4.9%</b>	<b>4.4%</b>	<b>10.0%</b>

- City of Minneapolis property taxes have increased an average of 4.3 percent annually for the past ten years.

**City of Minneapolis Property Tax Levy**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Increase	9.8%	9.4%	9.3%	5.2%	0.0%	1.5%	-1.6%	1.6%	3.4%	4.7%

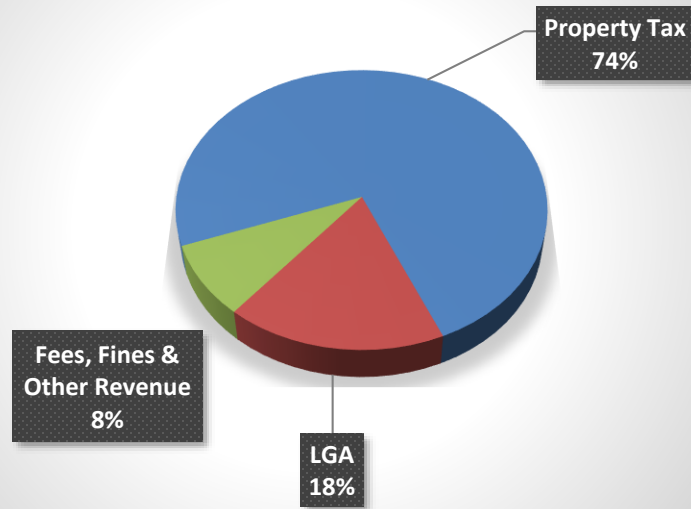
# Property Tax (continued)



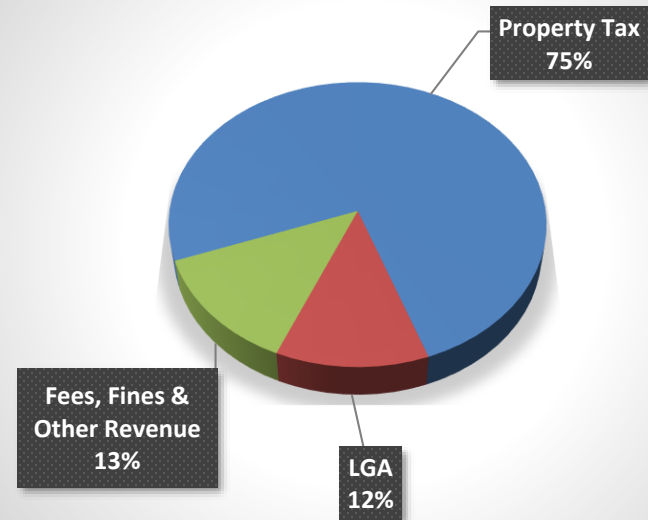
# Property Tax (continued)

- The Park Board is heavily reliant on property taxes, and has reduced its reliance on LGA out of necessity, since state aid reductions began in 2007.

2008 General Fund Revenue by Major Sources

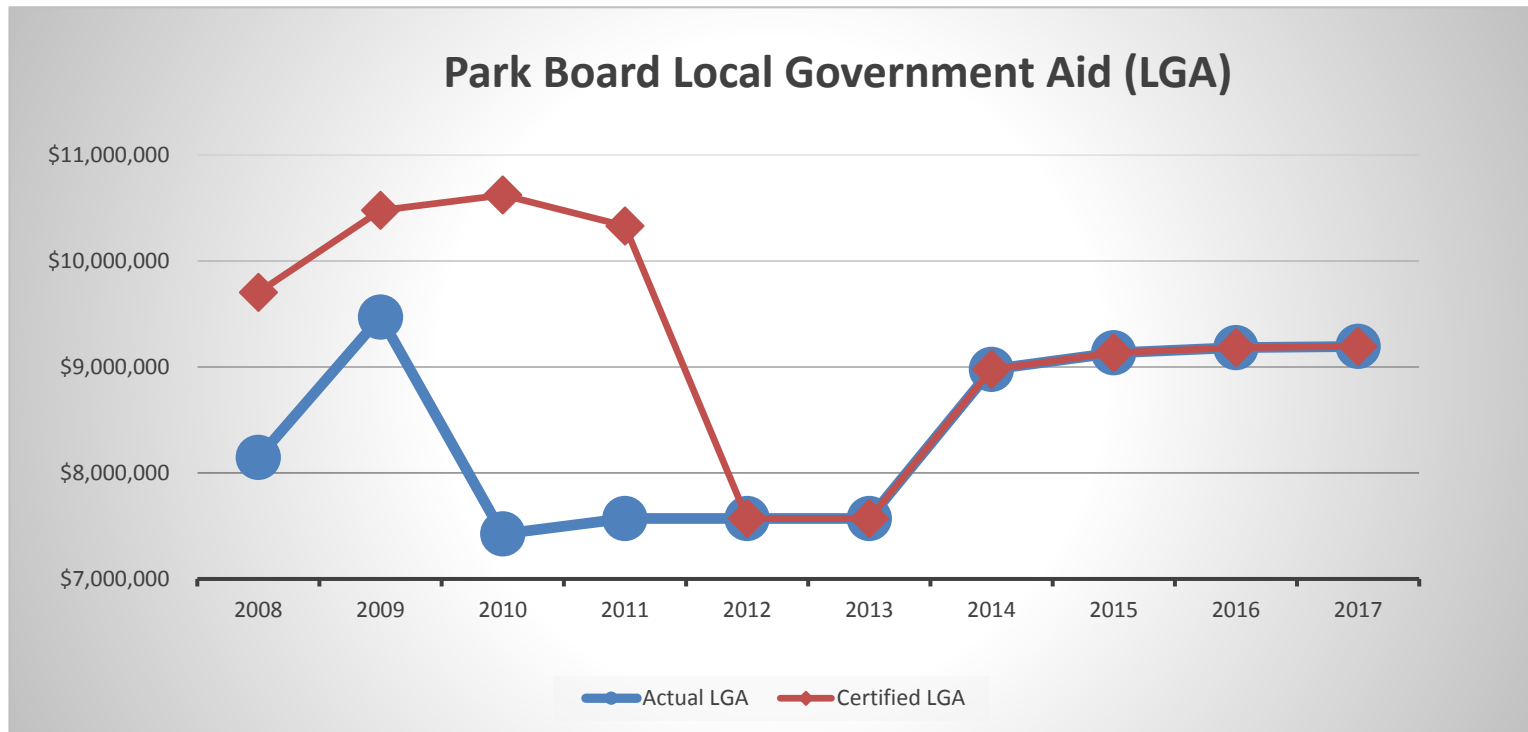


2017 General Fund Revenue by Major Sources



# Local Government Aid

- Actions to balance the state budget from 2008-2011 resulted in reduced Local Government Aid (LGA) payments to Minnesota cities. The Park Board lost \$8.5 million in LGA due to the reductions over these four years.
- In 2017 Park Board LGA was increased by \$11,000.



# General Fund Other Revenue

- Other revenue includes:
  - ❑ License, permit and service fees
  - ❑ Grants and donations
  - ❑ Building and grounds rentals
  - ❑ Fines
  - ❑ Overhead Charges, Transfers from other funds, Pension Credits
- In the 2013 budget a number of activities were moved from the enterprise fund to the general fund, resulting in greater fee revenue in the general fund

**General Fund Other Revenue (in millions)**

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017 (Budget)
\$5.0	\$4.8	\$5.1	\$5.2	\$5.0	\$9.6	\$8.5	\$9.9	\$9.9	\$10.0



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# General Fund Expenditures

- General Fund Operating Budget History
- Capital Funding
- Full-Time Employees

# General Fund Operating Budget History

- Park Board General Fund operating budget has increased \$19.8 million, or 30 percent in ten years. Included in this increase is fee based recreation programs of \$3.5 million (5 percent) moved to the General Fund in 2013.
- Increases in health insurance premiums and pension contribution rates have directly reduced the amount of funding available for programs and services.
- The 2007 budget was the beginning of state aid decreases that resulted in Park Board budget reductions. Recent increases in state aid and property tax revenues and the moderating of health insurance increases have helped improve Park Board finances.

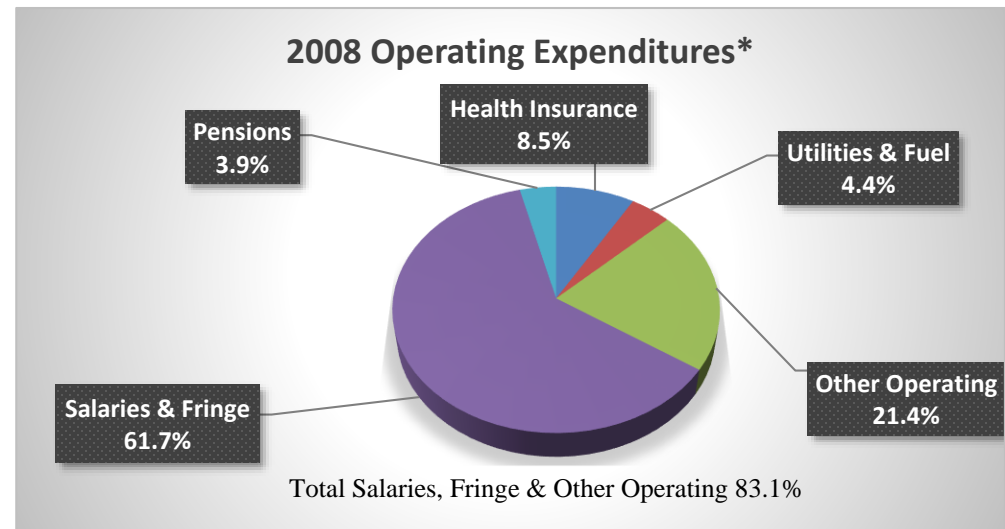
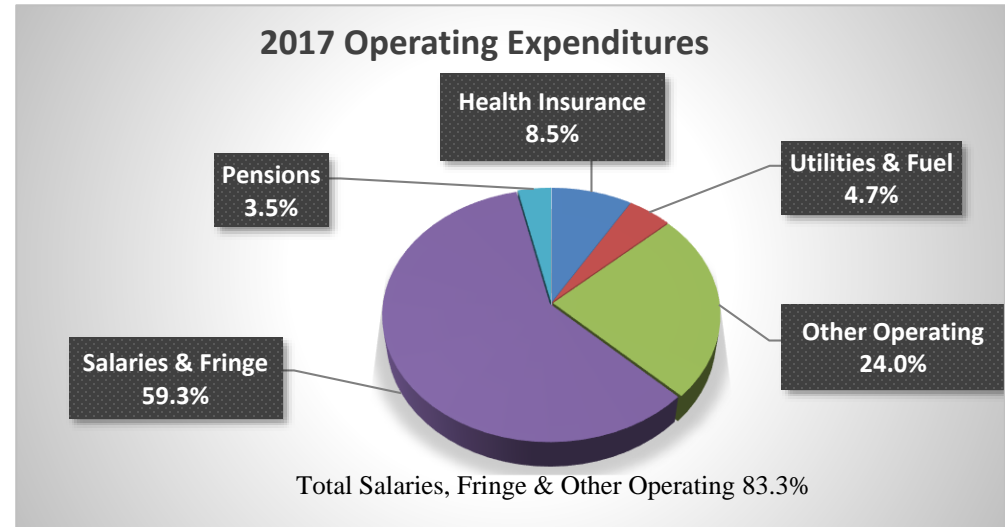
**Operating Budget History (in millions)\***

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Amount	\$54.2	\$55.9	\$55.9	\$53.8	\$53.8	\$59.5	\$62.5	\$65.7	\$68.4	\$74.0
Increase	3.2%	3.1%	0.0%	-3.8%	0.0%	10.6%	5.0%	5.1%	4.1%	8.2%

\*Does not include tree preservation & reforestation levy

# General Fund Operating Budget History (continued)

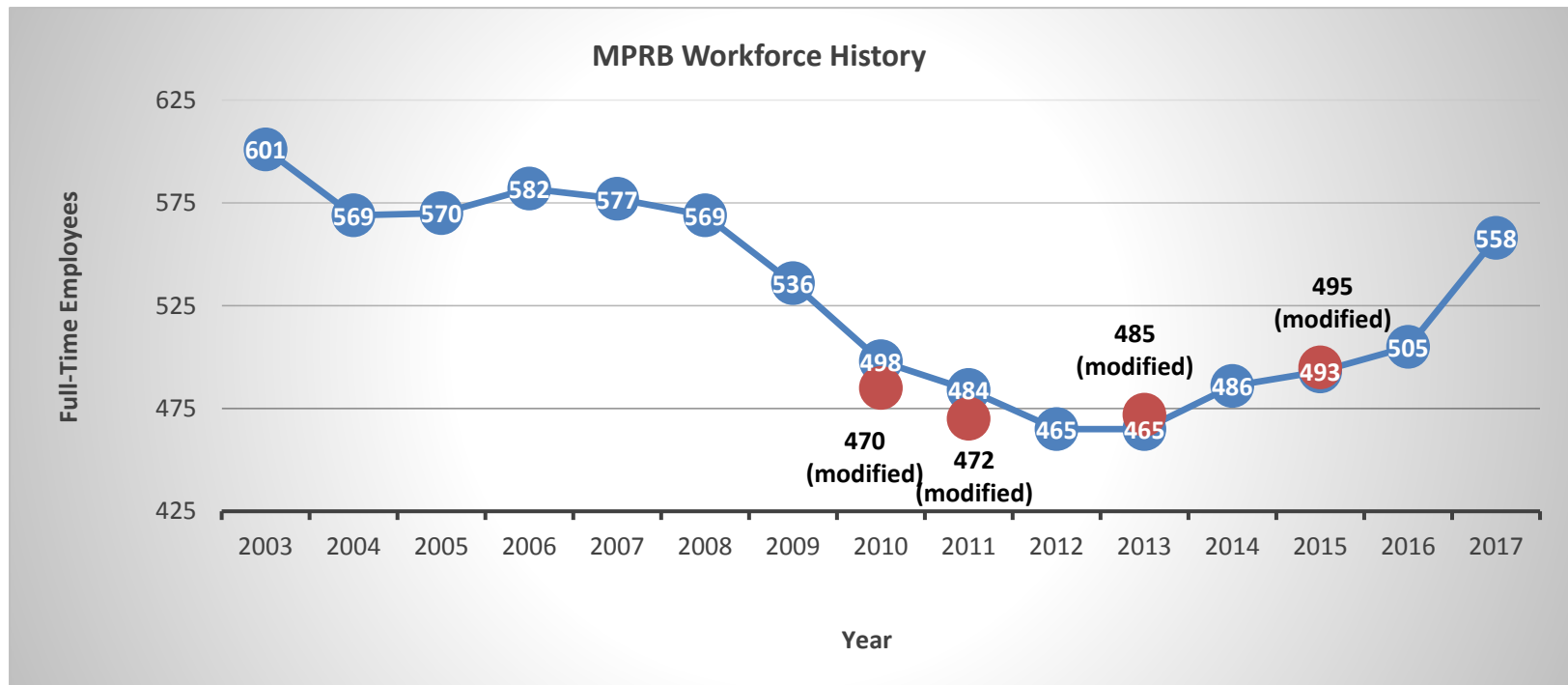
Total salary, fringe and operating funding percentages are similar in 2008 and 2017, however costs for mobile equipment and technology have increased by \$2.5 million as the Park Board has worked to stabilize internal service funds and improve operating efficiencies and service delivery through the use of technology.



\*includes the same activities as 2017 Operating Expenditures

# Full-Time Employees (all funds)

- 117 full-time positions, 20 percent of the workforce was eliminated between 2006 - 2012
- Since 2012, the workforce has been increased by 93 full-time positions, including 45 positions from NPP20.



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# Budget Outlook



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# Federal Legislative Update

- Focused work in Washington DC has resulted in successes for the Park Board
- Since 2012, the Park Board has worked with federal agency staff and legislators to bring attention to RiverFirst
  - In 2015 Minneapolis was one of only 8 cities in the country to receive LWCF funding, and only one of 2 cities to receive the maximum available amount through the Pilot Competitive Grant Program for RiverFirst
  - A joint MPRB and City of St. Paul Urban Waters Federal Partnership application has been submitted to the Federal Government at the request of the Federal Government
- With the change in presidential and congressional leadership at the federal level, the Superintendent is working with federal lobbyists to develop strategies and/or seize opportunities that may be available for the Park Board

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# State Legislative Update

- The State Legislature is currently in session, with the session set to end May 22. The current status of laws affecting the Park Board Funding include:
  - Local Government Aid (LGA) – The tax conference committee has agreed not to eliminate \$28 million in LGA for the City of Minneapolis, and to include a one time increase of \$6 million to statewide LGA.
  - Operations & Maintenance (O&M) Funding and Lottery Proceeds – No changes to 2018 funding levels are expected. The Senate environment finance bill reduces Metro Parks O&M by \$660,000 in future years.
  - The House state government finance bill eliminates \$10,000,000 per year in state funding for the Minneapolis Employees Retirement Fund. This would cost the Park Board \$1 million annually, beginning in 2017.

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# City Budget Update

- The 20 Year Neighborhood Park Plan (NPP20) provides \$11 million in additional resources for neighborhood park maintenance, rehabilitation and capital investments and protects existing revenue and costs that are through the City of Minneapolis.
  - Under NPP20 any changes in City of Minneapolis LGA funding are passed on to the Park Board. The Park Board receives 11.79% of City of Minneapolis LGA.
  - The City of Minneapolis five-year financial direction calls for Park Board property tax levy increases of four percent from 2018 through 2022.
  - The City of Minneapolis is assuming health insurance costs will increase five percent per year.



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# City Budget Update

- The City is studying a minimum wage increase in Minneapolis. The estimated annual impact to the Park Board of a \$15/hour minimum wage is \$2.1 million to the General Fund and \$430,000 to the Enterprise Fund. Teen Teamworks would need additional funding or face a reduction in the number of youth workers it employs. Also, such increases may exert pressure on collective bargaining wages especially for low wage earners, even though all full-time Park Board employees earn over \$15 per hour.

# MPRB Property Tax Levy

<b>Minneapolis Park &amp; Recreation Board Total Certified Property Tax Levy</b>				
	2017 Adopted	2018 Projected	Change	% Change
Minneapolis Park Board	58,013,000	60,333,520	2,320,520	4.0%
Tree Preservation & Reforestation	1,732,000	1,752,173	20,173	1.2%
Park Board Total	59,745,000	62,085,693	2,340,693	3.9%

The \$2.3 million, 3.9% increase in Park Board property taxes is a 0.75% increase on total City of Minneapolis property taxes.

Every 1 percent increase in Property Taxes generates \$591,476 for the Park Board, and increases the average homeowners (\$225,500 median value) property taxes by approximately \$2.40.

# General Fund Budget – 2018 Estimated Gap

<b>Revenue Increase (based on 4.0% General Fund property tax increase)</b>	<b>\$ 2,704,515</b>
Provision For Wage and Benefit Adjustments	\$ 2,547,385
Health Insurance Increase	\$ 316,024
Other Operating Expenditures	\$ 624,379
<b>Expenditure Increases</b>	<b>\$ 3,487,788</b>
<b>Preliminary, estimated 2018 deficit</b>	<b>\$ (783,273)</b>

\*Does not include tree preservation & reforestation levy

# General Fund Five-Year Projections

General Fund Property Tax Levy Increase		4.0%	3.7%	3.6%	3.6%	3.6%
	Adopted	Est	Est	Est	Est	Est
	Budget	Budget	Budget	Budget	Budget	Budget
	2017	2018	2019	2020	2021	2022
Property Taxes	57,462,870	59,730,185	61,940,202	64,170,049	66,480,171	68,873,457
Local Government Aid	9,194,054	9,194,054	9,194,054	9,194,054	9,194,054	9,194,054
Fees, Fines and Other Revenues	9,956,570	10,393,770	10,393,770	10,393,770	10,393,770	10,393,770
<b>Total Revenue</b>	<b>76,613,494</b>	<b>79,318,009</b>	<b>81,528,026</b>	<b>83,757,873</b>	<b>86,067,995</b>	<b>88,461,281</b>
Full-Time Wages & Fringe	38,378,315	39,632,649	40,663,098	41,720,339	42,805,067	43,917,999
Part-Time Wages & Fringe	8,102,260	9,395,311	9,583,217	9,774,882	9,970,379	10,169,787
Health Insurance	6,320,477	6,636,501	6,968,326	7,316,742	7,682,579	8,066,708
Other Expenditures	21,232,442	21,856,821	22,293,957	22,739,836	23,194,633	23,658,526
<b>Operating Costs</b>	<b>74,033,494</b>	<b>77,521,282</b>	<b>79,508,599</b>	<b>81,551,799</b>	<b>83,652,659</b>	<b>85,813,020</b>
Capital Levy	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Excess GF Capital Contribution	680,000	1,080,000	1,080,000	1,080,000	1,080,000	1,080,000
Land Purchase Reserve	400,000					
<b>Total Expense</b>	<b>76,613,494</b>	<b>80,101,282</b>	<b>82,088,599</b>	<b>84,131,799</b>	<b>86,232,659</b>	<b>88,393,020</b>
<b>Estimated Gap</b>	<b>0</b>	<b>(783,273)</b>	<b>(560,573)</b>	<b>(373,926)</b>	<b>(164,665)</b>	<b>68,261</b>

\*Does not include tree preservation & reforestation levy

# Tree Preservation & Reforestation Projections

- 2018 is year 5 of the 8 year program. The last year of the tax levy is 2021.

Property Tax Levy Increase		1.2%	3.5%	2.1%	-28.4%
	Adopted	Est	Est	Est	Est
	Budget	Budget	Budget	Budget	Budget
<b>Revenue</b>	2017	2018	2019	2020	2021
Property Taxes	1,714,503	1,734,651	1,795,817	1,832,808	1,312,541
Use of Fund Balance	40,434	50,000	25,000	25,000	25,000
<b>Total</b>	<b>1,754,937</b>	<b>1,784,651</b>	<b>1,820,817</b>	<b>1,857,808</b>	<b>1,337,541</b>
<b>Expenditures</b>					
Full-Time Wages & Fringe	444,836	453,733	465,530	477,634	490,052
Health Insurance	90,000	94,500	99,225	104,186	109,396
Other Expenditures	1,220,101	1,236,418	1,256,062	1,275,988	738,093
Capital Costs	-	-	-	-	-
<b>Total</b>	<b>1,754,937</b>	<b>1,784,651</b>	<b>1,820,817</b>	<b>1,857,808</b>	<b>1,337,541</b>
Ash Trees Removed	4,735	4,735	4,735	4,735	-

# Enterprise Fund Five-Year Projections

		Budget	Estimate	Estimate	Estimate	Estimate	Estimate
		2017	2018	2019	2020	2021	2022
Golf Operations							
	Revenue	5,948,255	6,467,277	6,581,949	6,697,769	6,814,746	6,932,894
	Expense	6,604,083	6,784,552	6,840,506	6,923,141	7,008,017	7,095,204
	Net Income	(655,828)	(317,276)	(258,556)	(225,372)	(193,271)	(162,310)
Ice Arena Operations							
	Revenue	1,039,000	1,039,000	1,049,390	1,059,884	1,070,483	1,081,188
	Expense	845,795	871,966	892,387	913,324	934,791	956,803
	Net Income	193,205	167,035	157,003	146,560	135,692	124,385
Parking Operations							
	Revenue	1,968,000	1,987,680	2,007,557	2,027,632	2,047,909	2,068,388
	Expense	501,242	514,222	525,531	537,101	548,939	561,050
	Net Income	1,466,758	1,473,458	1,482,026	1,490,531	1,498,970	1,507,338
Use & Event Permitting							
	Revenue	1,129,860	1,141,159	1,152,570	1,164,096	1,175,737	1,187,494
	Expense	706,371	737,436	757,171	777,478	798,377	819,887
	Net Income	423,489	403,722	395,399	386,618	377,360	367,607

# Enterprise Fund Five-Year Projections<sub>(continued)</sub>

		Budget	Estimate	Estimate	Estimate	Estimate	Estimate
		2017	2018	2019	2020	2021	2022
Vendor Agreements/Concessions							
	Revenue	1,523,500	1,538,735	1,554,122	1,569,664	1,585,360	1,601,214
	Expense	203,292	208,124	213,081	218,165	223,380	228,731
	Net Income	1,320,208	1,330,611	1,341,042	1,351,499	1,361,980	1,372,483
Sculpture Garden & Cowles Conservatory							
	Revenue	57,800	144,500	289,000	291,890	294,809	297,757
	Expense	219,511	334,166	342,017	350,069	358,328	366,801
	Net Income	(161,711)	(189,666)	(53,017)	(58,179)	(63,520)	(69,044)
<b>Total Enterprise Fund Operations</b>							
	Revenue	11,666,415	12,318,350	12,634,589	12,810,935	12,989,044	13,168,934
	Expense	9,080,294	9,450,466	9,570,692	9,719,279	9,871,833	10,028,476
	Net Income	2,586,121	2,867,884	3,063,896	3,091,656	3,117,211	3,140,459

# Enterprise Fund Five-Year Projections<sup>(continued)</sup>

	Budget	Estimate	Estimate	Estimate	Estimate	Estimate
	2017	2018	2019	2020	2021	2022
<b>Enterprise Fund Net Income</b>	<b>2,586,121</b>	<b>2,867,884</b>	<b>3,063,896</b>	<b>3,091,656</b>	<b>3,117,211</b>	<b>3,140,459</b>
<b>Uses of Enterprise Fund Net Income</b>						
Capital Improvements	810,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Debt Service						
Northeast Ice Arena	67,799	67,799	67,799	67,799	33,900	-
Parade Ice*	272,038	522,038	517,038	1,096,000	1,096,038	1,094,038
Minnehaha Refectory	140,050	140,050	140,050	140,050	140,050	140,050
McKinstry Energy Efficiency	309,750					
<b>Total Debt Service</b>	<b>789,637</b>	<b>729,887</b>	<b>724,887</b>	<b>1,303,849</b>	<b>1,269,988</b>	<b>1,234,088</b>
<b>Total Improvements &amp; Debt Service</b>	<b>1,599,637</b>	<b>1,729,887</b>	<b>1,724,887</b>	<b>2,303,849</b>	<b>2,269,988</b>	<b>2,234,088</b>
<b>Net Income Less Improvements &amp; Debt Service</b>	<b>986,484</b>	<b>1,137,997</b>	<b>1,339,009</b>	<b>787,807</b>	<b>847,223</b>	<b>906,371</b>
<b>Projected Enterprise Fund Reserve Balance</b>	<b>1,447,704</b>	<b>2,585,701</b>	<b>3,924,710</b>	<b>4,712,517</b>	<b>5,559,740</b>	<b>6,466,111</b>

\*Parade Ice Arena debt is currently scheduled to be \$3.3 million in 2020. The debt is planned to be restructured, reducing the 2020 debt service payment.



# Internal Service Fund Five-Year Projections

		Budget	Estimate	Estimate	Estimate	Estimate	Estimate
		2017	2018	2019	2020	2021	2022
Equipment Services							
	Revenue	5,764,389	5,829,401	5,943,918	6,061,087	6,180,984	6,303,687
	Expense	6,336,088	5,829,401	5,943,918	6,061,087	6,180,984	6,303,687
	Net Income	(571,699)	-	-	-	-	-
Information Technology Services							
	Revenue	1,789,672	1,850,503	1,897,898	1,946,725	1,993,020	2,040,622
	Expense	1,779,672	1,820,503	1,867,898	1,916,725	1,963,020	2,010,622
	Net Income	10,000	30,000	30,000	30,000	30,000	30,000
Self-Insurance							
	Revenue	2,197,208	2,221,161	2,245,405	2,269,944	2,294,783	2,319,925
	Expense	2,197,208	2,221,161	2,245,405	2,269,944	2,294,783	2,319,925
	Net Income	-	-	-	-	-	-
Total Internal Service							
	Revenue	9,751,269	9,901,065	10,087,221	10,277,756	10,468,787	10,664,235
	Expense	10,312,968	9,871,065	10,057,221	10,247,756	10,438,787	10,634,235
	Net Income	(561,699)	30,000	30,000	30,000	30,000	30,000

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# Racial Equity and the Budget Process



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# Racial Equity and the Budget Process Update

- Current Processes
  - Board adopted the Criteria Based System Ordinance used to prioritize capital investment and large rehabilitation projects in neighborhood parks. The MPRB's 2017 -2022 CIP utilized this system to integrate the NPP20 dollars into the program.
  - Budget impacts and requests utilized a racial equity tool
- Additional Budget Processes implemented for 2018 budget development
  - Criteria based system for regional parks CIP will be established and utilized
  - Criteria based system for Recreation Centers & Programs Department operating budget will be established and utilized